



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

COMMITTEE ON FINANCE

Tuesday, February 28, 2012

2:00, p.m.

State Capitol, Conference Room 308

in consideration of
HB2121,HD1
RELATING TO RENEWABLE ENERGY.

Chair Oshiro, Vice Chair Lee, and members of the committee.

The Department of Business, Economic Development, and Tourism opposes this measure. HB2121,HD1 prohibits state and county agencies from entering into an agreement to install a renewable energy system with a private provider who has claimed the renewable energy technologies tax credit.

Power purchase agreements provide public jurisdictions the benefit of stabilized utility costs which do not fluctuate with rising oil prices or spikes in oil prices. The power provider is responsible by contract to sell the electricity at a pre-negotiated rate over the life time of the contract.

Unless CIP funds are appropriated for installation of renewable systems for State facilities to replace performance contracting, State agencies may not have a reliable source of funding to continue making progress in moving to renewable energy.

When private sector funding is used, such as power purchase agreements, warranty costs are generally covered in the contract. In the case of State ownership, responsibility for repairs after the warranty period may be shifted to the State.

Thank you for the opportunity to provide this testimony.